



Ms. Cynthia L. Johnson
Director, Cash Management Policy and Planning Division
Financial Management Service
U.S. Department of the Treasury
Room 420
401 14th Street, S. W.
Washington, D. C. 20227

Kmart Corporation
International Merchandise
2000 North Bay Avenue, Suite 100
Ann Arbor, MI 48106-1100

**RE: Management of Federal Agency Disbursements; Proposed Rule
62 Fed. Reg. 48714 (September 16, 1997)**

Dear Ms. Johnson:

Kmart Corporation would like to thank you for the opportunity to comment on the Department of the Treasury's proposed rule on the management of Federal agency disbursements and the conversion of these disbursements from paper based payment methods to electronic funds transfer ("EFT").

Kmart Corporation is a \$30 Billion Dollar a year General Merchandise and Food Retailer operating in all Fifty States with over 350,000 employees.

Kmart's position on the proposed rule parallels that of the Food Marketing Institute as related to you on December 11, 1997 by their President and CEO Mr. Timothy Hammonds. There are Two key points that Mr. Hammonds letter outlines. Kmart would like to stress their importance to the retail community as the structure of the ETA accounts is developed by the Treasury Department. One the financial institutions holding the ETAs should only be permitted to issue the cards for the accounts as on-line debit instruments for those accounts. The second point that Mr. Hammonds letter makes, that Kmart would like to strongly endorse, is that all state and federal agencies should work together to distribute both federal and state funds through the state EBT cards as on-line debit transactions.

We appreciate the opportunity to present our views on the proposed rule and strongly endorse the comments submitted by FMI which we feel accurately represent those of the entire retail and food merchant community.

Sincerely,

Stephen F. Bubp
Systems Engineer
Kmart Corporation

CC: Dennis Carter
George Brownsworth
Dale Apley

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